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R564f

Functions of the Library of a Banking Institution

JUL 24 1915

Guaranty Trust Company
of New York

Functions of the Library of a Banking Institution

UNIVERSITY OF ILLINOIS LIBRARY

JUL 24 1919

Raleigh S. Rife

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AUG 6 '19

Guaranty Trust Company
of New York

140 Broadway

FIFTH AVE. OFFICE	MADISON AVE. OFFICE
Fifth Ave. and 43rd St.	Madison Ave. and 60th St.

Capital and Surplus - - - - $50,000,000
Resources more than - - - - $700,000,000

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Functions of the Library of a Banking Institution

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From an address by Raleigh S. Rife, of the Bond Statistical Division of the Guaranty Trust Company of New York, before the annual meeting of the Special Libraries' Association, Asbury Park, N. J., June 25, 1919.

WE have been called a nation of "economic illiterates"—because we have been provincial. The investing public must be made to see the significance of investment of capital in other countries. Our financial press and our financial and business leaders will need broader and wider sources of information. While our business was mainly within the confines of our own country, much of the general information needed as the basis for financial investments was a part of the atmosphere in which we lived, but for foreign investments the sources of general information are outside of ourselves and it becomes necessary for us to build up adequate sources of information so that the public may be informed of conditions in other countries; may start to think in international terms, and consider the opportunities for growth and development of enterprise in other countries.

Information Investor Desires

In making foreign loans it is necessary to assure the American purchaser that he can get information and that he has back of him the banking strength of his country and, in

turn, the power of the United States Government. The first task is to present essential information to the American public, so that it may come to understand the conditions in other countries; that the element of distance between countries is not relatively important; and that the American banks, with their branches established abroad and through affiliated institutions, are in a position to render adequate service in supplying information.

Specific Facts Needed

The investor wants to know about the character of the people of the country in which he is placing his capital. He wants to know their industrial character, their inventive qualities, the development of the spirit of thrift, the degree of regard they have for faithfully fulfilling individual obligations, and the strength of their national self-respect. He wants to know about the stability of their government, and the attitude of their government, and the political elements making up that government, toward foreign capital. He wants to know about the social structure of the country, and whether it has for years maintained a class of people in an exploited condition. He wants to know about the state of economy existing in that country; as to whether it is in the pastoral, agricultural, or industrial state of development, and the stability of business life.

The foreign investor wants to know about the variety of natural resources, the extent to which they have been developed, and the opportunities for further expansion. He wants to know about the currency and the stability of monetary values and exchange values. The prospective investor must get an understanding of how the people live in the

country in which he is making the investment; characteristics of their life and the relationship that we have had with them in a trade and investment way. These are all general questions that the American public must come to appreciate and about which they must be informed.

Specialized Sources

In the case of a particular investment the American investor will want, in addition to this, information of a more varied character. If he is making a loan to the government he will want to know about the state of government finance, the national debt, the revenues, the diversity of revenues, the extent to which budgets balance, how the government spends its money, the relation of debt service to net revenues, the amount of property that the government owns as an offset to the public debt, the extent to which the government is engaged in business undertakings, and a multitude of other questions. In the case of a railroad, he will want to know about the past history of the road, the opportunities in its territory, and the character of its management.

The growth of this type of business has drawn upon leaders of finance and leaders of industry the gigantic problem of acquiring sources of information, of accumulating knowledge of conditions in foreign countries, of getting the international point of view so that the investor may appreciate the other man's viewpoint as well as his own. This problem is pressing upon our banks, and in view of the fact that this is a meeting of special libraries I have endeavored to point out in a general way the type of information that you will need in your libraries to fulfill

the growing call of our financial and business leaders for information relative to foreign countries. The best way that I can give an appreciation of what can be done along these lines is to refer briefly to what the Guaranty Trust Company is doing in developing its library and files of information to assist the investor.

Facilities of this Company for Supplying Information

The Guaranty Trust Company has four separate divisions concerned to a considerable extent with the gathering of foreign information for investors.

The Foreign Credit Division collects credit information so that the American exporter as well as the American investor may have accurate credit information about the firms with which he is doing business. Our foreign branches and our affiliated institutions, having branches in other countries, enable us in turn to give better and more satisfactory credit information.

Demand for American Goods Abroad

Our Foreign Trade Bureau maintains a special research bureau which aims to keep in constant touch with markets in other countries. Its purpose is to put American business men and exporters in touch with associations and firms in other countries that have need of the products of American industry. This bureau also makes studies of the present, as well as probable future, demand for American products in other countries, and disseminates its information through interviews, articles in periodicals and newspapers, and through a semi-monthly pamphlet dealing with markets for American goods in foreign markets.

Foreign Need for American Capital

The Statistical Division of our Bond Department is concerned in part with the study of economic and financial conditions and the opportunities for the use of American long-term capital in other countries. It gives investment advice and information in regard to securities and investment opportunities in other countries. The Bond Department, through the Statistical Division, representatives in other countries, and affiliated institutions, is able to assure the investing public of careful investigation of foreign securities offered for public subscription.

These three service divisions of the Company rely to a great extent upon the Guaranty Reference Library, which is the central source of information. The world war, in throwing America immediately into the midst of problems of international finance, placed a new and growing burden upon our banks, and we find many of them establishing libraries as sources of information. As New York becomes a more important international finance market, the financial institutions find a growing need for special financial libraries.

Reference Library of the Guaranty Trust Company

The Guaranty Trust Company has been cognizant of this responsibility and has been developing its Library for several years. Recently Babson's Financial Library in New York City was purchased and consolidated with the Guaranty's Reference Library. The library at present consists of approximately 40,000 indentures, annual reports and circulars on railroads, public utili-

ties and investment securities, and 20,000 books and pamphlets.

The library staff is divided into three divisions for the collection of material. The Reference Library proper orders, catalogs, and indexes magazines, books and reports of government departments, and other general sources of information. The Clipping Bureau clips the leading daily and weekly newspapers of this country as well as many foreign countries, and arranges these clippings according to subjects. The Statistical Files gathers the reports, earning statements, indentures, circulars, and other information relative to domestic and foreign corporations. The library receives regularly about 300 newspapers and magazines, including the leading financial periodicals and economic reviews of many countries.

Foreign Sources of Information

I desire to make special reference to sources of information concerning foreign countries. The Reference Library endeavors to get a complete set of the government publications of many foreign countries. Particular emphasis has been placed upon South America. The official newspapers which contain decrees, laws and reports of the ministers of finance and the treasury, as well as other departments, to the legislative branches of the governments, are received. Reports of departments dealings with public debts and revenues, with public works, commerce, trade, and industry are obtained. In this way we have collected as nearly as possible a complete set of official sources of information in regard to the financial and economic conditions of various countries.

These files are supplemented by daily and weekly newspapers, financial periodicals, and reports issued by chambers of commerce and financial institutions. At present the library is receiving approximately eighty-five periodicals and magazines from foreign countries, which in their scope cover practically the entire globe. These sources are being added to as rapidly as we can ascertain the value of various publications and of the information that they publish.

The Statistical Files division is building up a large collection of foreign corporate information. Reports and other financial information are obtained concerning railways, public utilities and industrial corporations in other countries. The quotation lists of the leading stock exchanges of the world are received. The effort is made to collect comprehensive information so that the various divisions of the Guaranty Trust Company can give service to customers, to importers and exporters, and to investors.

Service at Disposal of Public

The financial library of a banking institution, in fact, is becoming one of its most important service divisions. Many persons seeking investments abroad much prefer to make a study of conditions themselves. Many corporations prefer that their own foreign sales departments make investigations of particular foreign markets or companies. The Reference Library of the Guaranty Trust Company is open to those who prefer to make their own investigations. Library assistants will obtain the material bearing on the subjects under investigation, and will translate documents and other information printed in foreign languages.

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